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SUBJECT: FINLAND'S EU PRESIDENCY PRIORITIES

#### Summary and Introduction

1. (SBU) During its EU Presidency, Finland will generally be a cooperative partner for the US, keen to facilitate US-EU cooperation and improve overall trans-Atlantic relations. We should expect no GOF-generated surprises; the Finns view their Presidency as a continuation of ongoing processes and will avoid introducing national political priorities into the EU agenda. They will focus on fostering improved EU dialogue with Russia and on democracy promotion in Europe's "new neighborhood," although almost exclusively through multilateral mechanisms rather than via bold statements or risky initiatives. They will work hard to help forge shared US-EU positions on energy security, but will challenge the US to re-engage in a climate change dialogue. Because the GOF's positions on JHA issues, EU enlargement, Iran, and many EU economic initiatives closely mirror our own, the EU Presidency offers genuine opportunities for cooperation in these areas. END SUMMARY.

2. (SBU) Finland assumes the EU Presidency on July 1. Just one year ago, the Finns hoped their second semester 2006 Presidency would focus on final ratification and implementation of the new EU Constitutional Treaty. The French and Dutch referenda results quashed that possibility and temporarily dimmed Finnish hopes for a monumental, last-of-its-kind Presidency. The sharp disappointment that the referenda engendered passed quickly, however. With typical Finnish pragmatism and foresight, the GOF has worked proactively with the Commission and the Troika (and, in the Finnish view, with Washington) to settle on a solid agenda aimed at achieving realistic, substantive goals in several areas. There will be no GOF-generated surprises; the Finns are at pains to emphasize that they view their Presidency as a continuation of an ongoing process as opposed to a "separate module or era," and will discourage whenever possible the introduction of national political agendas or priorities into the EU agenda. The Finns will also work toward maintaining the momentum for and process of continued EU integration despite last year's setbacks on the Constitution. The GOF has indicated that the following areas will be priorities during its Presidency.

#### Trans-Atlantic Relations

3. (SBU) In general terms, the US will find Finland to be a willing and competent partner with which to facilitate US-EU cooperation -- a role the GOF welcomes. In the run up to the Presidency, the GOF sent an array of top diplomats to Washington to ascertain US priorities, identify areas for cooperation, and avoid misunderstandings. Prime Minister Vanhanen is a committed trans-Atlanticist. Since Finland began its Presidency preparations, he has

repeatedly emphasized the priority Finland attaches to strengthening trans-Atlantic ties. Vanhanen has told us frequently that he wants Finland to help the EU take the "last step" beyond the rancor over Iraq and focus fully on a wide range of issues of shared concern such as security cooperation, energy security, the environment, and the Middle-east. He reiterated this view during his initial meeting with Ambassador Ware earlier this year. This said, the Finns will, on the one hand, at times look for US guidance on concrete projects or initiatives. On the other, they will not embrace US initiatives that put them on a collision course with counterpart EU governments or the Brussels bureaucracy. Rather, Finland can be counted on to help seek common ground when Washington and Brussels diverge on their approaches to common goals.

#### Democracy and the Near Neighborhood

14. (SBU) Promoting democracy and good governance in Finland's "near neighborhood" is a top GOF Presidency priority. The Finns have quietly but steadily increased their bilateral commitments in the region, from opening a bilateral development assistance office in Minsk; to financing tertiary education for Belarussian exiles; to funding Kiev-based NGOs combating Trafficking in persons (TIP). Finland will work to get the EU to the same place and lay the groundwork for a proactive EU institutional and structural approach. The Finns will also likely put emphasis on Ukraine. Beyond the Near Neighborhood, Georgia and the Caucasus will be priorities. Working quietly within existing EU mechanisms that seek to co-opt -- rather than to alienate or isolate -- the GOF will push for renewed EU engagement in south Ossetia and the jump-starting of the moribund Abkhazia settlement

HELSINKI 00000505 002 OF 004

process. Further afield, the GOF shares the US view that, ultimately, democracy in the Middle East offers the best hope for peace and security. The GOF support EU funding for democracy promotion throughout the region, and will urge united European stances toward Hamas and the Iranian regime. Although some Finnish leaders, in the past, spoke out strongly about the US invasion of Iraq, all are fully committed to supporting the new Iraqi government and the GOF will fully encourage all EU efforts to build democracy and stability there.

#### Russia

15. (SBU) No bilateral relationship or aspect of foreign policy is more important to Finland than Russia, the country with which it shares a 900-mile border (the EU's longest external border); a history marked by Russian colonial dominance and war; and a critical present-day trade and energy relationship. The Finns share our concerns about recent negative trends in Russia and the perception of a backwards drift on democracy. Given our shared concerns and the shared priority we place on Russia, there will be opportunities for the US to work with Finland to influence these processes; however, the Finns will emphasize a "soft approach" to Russia and eschew particularly aggressive advocacy that would -- from their perspective -- overly antagonize the bear to the east. Finland hopes to reinvigorate institutional EU structures to engage Russia on several broad fronts. In particular, the GOF wants to use the Presidency to renegotiate the Russia-EU Partnership and Cooperation Agreement (PCA) and revive the EU's "Four Common Spaces" initiative. The Finns will also address democracy and other issues where Russia may be "backsliding" through the EU-Russia Human Rights consultation process and by attempting to establish substantive dialogue with Moscow on energy security.

16. (SBU) Concerns about Russia are often linked to energy security, and in this area Finland will be an excellent

partner as the US seeks to forge shared positions with the EU. In general terms, there is little daylight between the US, the EU and Finland on desired end states and the means to get there. All agree that market-based pricing, adequate investment in infrastructure, diversity of supply and new technologies are key. If anything, Finland's national positions are closer to those of the US, given the GOF's pro-nuclear power policies and Finland's acknowledged leadership in areas such as nuclear safety and storage, biofuels and biomass. In all these areas, the Finns tend to accept the logic of US positions and will offer voices of reason during EU deliberations. On Russia and in discussions with large EU member states, however, Finland will not look to out-shout anyone. For example, the GOF embraces nuclear power as part of a solution to its energy diversity problems, but will not press other EU countries with strong anti-nuclear views to change those. As for Russia, the GOF will be a steadfast ally in working through existing mechanisms (EU, G-8 and other dialogue fora; traditional diplomacy; eventually perhaps the WTO) to bring Moscow around to the idea that being a reliable supplier and a good citizen of the free market is beneficial to all.

#### EU Enlargement and the Western Balkans

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17. (SBU) Finland supports the Commission's decision to call off negotiations with Serbia (Enlargement Commissioner Ollie Rehn is a Finn) over the Mladic situation. Finland will encourage continued EU pressure on Belgrade to arrest Mladic, with the carrot of a quick resumption of negotiations during the Finnish Presidency if they do so. The Finns also strongly support Special Envoy Marti Ahtisari's mission (another Finn) and will work actively within the EU to assist him. A final status arrangement will remain a top Presidency priority for the GOF.

18. (SBU) The GOF will remain one of the most vocal proponents of EU enlargement. Finland will use its Presidency to urge candidate states to maintain progress on fulfilling standard criteria as well as to thwart the efforts of some EU members to promote "special status" or "additional conditionalities" for some who seek membership (Turkey, in particular). The GOF's stance on enlargement -- based on its commitment to equal treatment for all candidates -- is often unpopular, both within the EU and among Finnish domestic public opinion. The GOF will stand fast in the face of anti-EU and/or anti-

HELSINKI 00000505 003 OF 004

enlargement rhetoric. However, it could become problematic during the Finnish Presidency if Turkish progress stalls or if others in the EU allege that progress has stalled. In either of those cases, the GOF is likely to consult actively with the US regarding the best means of keeping Turkey on track.

#### Environment

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19. (SBU) Unlike many EU member states, the GOF accepts the logic of addressing environmental concerns through the nexus of energy security and technology. However, Finland means much more when it talks about the environment. In that regard, climate change and global environmental degradation will be high on the Finnish EU Presidency agenda, and while it is willing to address its dialogue with the US outside of a Kyoto or Kyoto II framework, it will not shy away from (and indeed will push for) discussion of solutions based in part on emissions reduction, trading and conservation. Like most EU countries, the GOF increasingly rejects the US position that these areas are off the agenda and that new technologies will render such considerations moot in the near future. They are keen on finding ways, in

cooperation with the U.S., to find clean energy solutions for China. They also call for closer attention to energy efficiency, and in that vein intend to launch a voluntary forum for exchanging best practices called the World Audit Program at a conference to be held September 11-12 (Audit 06). (The GOF has repeatedly asked for, and Embassy supports, substantive USG participation in this event.)

#### Justice and Home Affairs

¶10. (SBU) The stalled Constitutional process has influenced Finland's JHA plans. In the absence of a new Constitution, the GOF will push to move "third pillar" police and criminal cooperation issues (that would have been harmonized under the Constitution) to the "first pillar," where they will be handled in the Commission. Despite the reluctance of some EU countries to take this step (including heavyweights like Germany), the Finns believe a basic agreement on the issue is possible by December. Finland also hopes to reach agreement with the US on the pending Eurojust agreement and to encourage greater counterterrorism cooperation within the EU. Finland's Interior Minister is a vocal proponent of strengthening anti-trafficking measures, and the GOF plans to organize two major anti-trafficking events during the Presidency. The first will be in Helsinki and focus on identification, repatriation, and assistance to minors; the second is TBD, but will definitely be outside Finland.

#### Economic Goals

¶11. (SBU) Finland will continue to emphasize the goals of the Lisbon Strategy during its EU Presidency. In particular, Finland will emphasize improving productivity (pressed, in part, by some of its own demographic challenges in the face of an aging population) through investing in human capital and technology development. It will continue to press for a strong and broad innovation policy, regulatory harmonization and the opening up of the EU's internal market. Finland intends to introduce a transport policy focus to the agenda, in the understanding that a strong logistical capacity is a key factor in European economic growth, competitiveness and employment. Finland will also seek to promote data security in European information society policy. It will also work towards creating a European information society strategy.

#### The Wild Cards

¶12. (SBU) Again, both we and the Finns expect their Presidency to offer few if any major surprises. However, there are three possible issues that could emerge as wild cards. While we consider all three unlikely -- and, as wild cards, difficult to predict -- they merit brief consideration:

-- A Crisis in Iran: In the event of an acute Iran crisis, such as smoking gun revelations of nuclear weapons work or serious threats to Israel, it should be possible to work with the GOF to craft a strong, unified trans-Atlantic response, up to and including possible support for UN sanctions. The Finns have stated many times that they oppose military action, but short of

HELSINKI 00000505 004 OF 004

that, will consider almost any other US initiatives if a crisis emerges.

-- Terrorist Response: Finnish authorities and the general public believe their country faces little or no major terrorist threat. This at times results in the GOF's adopting a somewhat relaxed domestic response. However, on the EU level, the GOF can be expected to

encourage improved enforcement and to push for institutional and procedural changes to facilitate intelligence gathering and sharing within the EU.

-- China Arms: Beijing once viewed the Sept. 2006 EU-China Summit in Helsinki as a possible window of opportunity to press for lifting the Embargo. However, the GOF has made it very clear that it has no/no interest in touching the issue of the embargo during its Presidency. Apparently China has also received that message and has scaled back what was once an aggressive lobbying campaign. The only chance for the embargo to re-surface during the Presidency is if an EU heavyweight were to make an unexpected and all-out push to resume discussions. And even then, Finland will likely seek to kick this issue to Germany in 2007.

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